

LEADING IN A CRISIS: FROM SURVIVAL TO STRATEGIC PIVOT

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Based on the collective wisdom of Asian CXOs

Asian leaders continue to deal with perhaps the biggest crisis they have faced in their careers. The combined social, economic, and health crises due to the Covid-19 pandemic continue to stress-test organizations, forcing them to stare at the potential reality of bankruptcy. CXOs not only deal with external leadership crises to keep their businesses afloat, but also deep personal leadership crises within as they dig into their ever-so-depleting reserves of emotional energy to motivate themselves and their teams. CXOs in Asia toil to survive and thrive in a world that, even with the most advanced analytical modeling, remains mysteriously difficult to predict and paint a reliable picture of. This paper—based on in-depth interviews with 73 C-Suite Leaders (CXOs) and board directors across Asia from different countries (Singapore, Malaysia, Philippines, Thailand, Indonesia, Sri Lanka, India, Cambodia). Industries, and organizations—articulates the journey leaders need to continue to navigate as they reflect, reset, recalibrate, and pivot to survive and hopefully succeed in the “next normal”. The research initiative was led by the Center for Creative Leadership (CCL), in partnership with the Institute of Corporate Directors, Philippines (ICD); the Indonesia Economic Forum (IEF); Center of Excellence in Management Research for Corporate Governance and Behavioral Finance, Sasin School of Management, Thailand; and the Institute of Corporate Directors Malaysia (ICDM).



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The year 2020 has been a year like no other, marked by human, business, social, and economic crises. Companies and leaders are in a frenzy as they try and protect their top lines, and safeguard their people. While the current pandemic has exposed the fragility of commercial establishments, and broken the myth of infallible organizations and leaders, it has also presented an opportunity for leaders to stand tall and show their character in the face of extreme despair. Above all, it's been an opportunity for leaders to ignite transformational change and to navigate the crisis of the moment while preparing for the changed world that comes next.

Gene Klann's *Leadership in Crisis* book¹ lists three categories of crises: level 1—known problems, known solutions (e.g., unethical behavior or brand damage); level 2—known problems, unknown solutions (personal injury, property loss, possible

loss of life, serious damage to the company's reputation); and level 3—complex problems, unknown solutions (loss of life, significant property damage, existential threat to a company, pandemics, war).

Common examples of level-1 crises include sexual harassment charges brought against a key leader of the organization; an insensitive or racially charged statement by a company leader; or an overt action taken by an organization that damages the environment, places profit over public welfare, or is viewed as unethical, politically incorrect, or socially irresponsible. Examples of level-2 crises include a pharma company having to recall its drugs owing to some patients being adversely affected, or an automobile company recalling its cars owing to instances of accidents resulting from a manufacturing problem, or an aircraft company



grounding its planes owing to a technical problem in one of the parts. The current pandemic is a fitting example of a level-3 crisis. Other examples include the 2008 financial crisis, World War I and II. Level-3 crises have a widespread impact, and the world usually has no prior experience of how to manage such crises.

The impact of the level-3 pandemic crisis the world is currently experiencing depends on the organization's ownership structure, regulations and governance jurisdiction, geographical spread, dominant culture, size, and financial structure. "Global multi-national corporations (MNCs) have tremendous inputs and support coming from their headquarters, which can offer comparatively higher resilience to the local units," explained a board director in India. "Regulated sectors have their arms tied behind their back since they have very little flexibility to do things differently," he added. Geographical spread

enables organizations to mitigate risks. "When South East Asia was experiencing a full lockdown, China was opening up, and we could benefit from pent up demand for luxury products there," explained the CEO of a trading conglomerate in Malaysia. Interviewees highlighted that organization culture also plays an important role in shaping outcomes in a crisis, with organizations embracing a collaborative and open communication culture having a critical edge. Such organizations can identify and isolate the impact of crises early on since communication is open, and can respond holistically because there are fewer silos. Then departments can learn from each other's mistakes on account of their collaborative environment. They also pointed out that organizations with higher gearing are much more fragile during a crisis, since there is an incremental strain on cash.

Leaders in the Line of Fire

In a crisis situation, leaders are in the line of fire from various key stakeholders: employees, who may be directly impacted; boards, who may have unrealistic expectations from their CEOs; customers, who may have service issues due to business disruption; regulators, who may want to have stricter control on company operations during uncertainty; and even societies, if the crisis directly or indirectly impacts environment or their habitats. Besides, leaders may also have their own insecurities, especially if they are not sure of the confidence and support their boards or stakeholders have in their leadership.

Leaders may face several challenges concerning people, processes, and financial performance. “The biggest challenge of the Covid-19 pandemic has been on the social front; as social beings, we are used to sitting and standing close to each other, gathering around in the office, but now with health protocols such as social distancing and wearing masks, it is difficult to socialize and much harder to see the real expression on people’s face,” shared one CEO of a hospitality company in Singapore. People challenges get much more severe if headcount reduction is on

the table. Interviewees highlighted that employees and leaders went through a lot of emotional turmoil as people decisions—job cuts, salary cuts, furloughs, and forced time off—were discussed and rolled out in organizations. Enterprise workflows and decision processes are also disrupted or tweaked owing to the creation of work-from-home policies, and inadequate staff availability. All of these challenges have a serious implication on employee engagement, revenue and cash flow within organizations.

Crises can also wreak havoc on the health and well-being of leaders. “Fitbit shows that my deep sleep is low; mind and body are paying a price for constant stress,” shared one CEO in India. His company operations were deeply impacted owing to Covid-19, and one of the employee’s spouse also passed away on account of infection with the virus.

Just like in any other crisis, leaders are reacting to the Covid-19 situation, a level 3 crises, in different ways, ranging from “Let us ride the tough times out and try and keep our head above the water,” to “Let us go on an offensive and exploit new opportunities



CRISIS CHALLENGES & RESPONSE

Source: CCL Research 2020.



“ There are two aspects of a leader reaction – external facade and personal tussle – just like a duck paddling in water, very calm on the outside and hectic activity under water. ”

generated by the disruption,” depending on a variety of factors such as industry, country, setup, and how the crisis potentially impacts leaders’ position in the organization. “There are two aspects of a leader reaction—external facade and personal tussle—just like a duck paddling in water, very calm on the outside and hectic activity under water,” shared one Indian CEO of a global multi-national corporations (MNC). Leaders must constantly reflect on the crises, respond to high-priority challenges, and emerge smarter or reformed. They need to provide leadership at an organization level, and more importantly, embrace resilience at a personal or individual level. Being a leader in the complex, ambiguous, and fast-paced environment that crises may create can be draining.

Interviewees shared that while continual stress does take its toll on leaders’ health, such leaders must have the resilience to deal with crises of long duration. They must engage in a series of small, but intentional, mutually reinforcing behaviors to harness their energy and ultimately make it easier to lead their teams and do their job effectively. They must dig deep within their emotional reservoir to gather strength so that while they are dealing with multi-pronged challenges day in and day out, they “burn bright” rather than burn out. Leaders who are able to “burn bright” can ride challenges to be on an upward spiral—doing well for their teams, organization, and even society.

Crisis LEADERSHIP MODEL

A leader typically goes through a three-step process in any crisis, leading on two fronts: at an organization level and an individual/personal level. First, leaders must reflect on the situation to get their bearings right, make sense of the situation, and reflect deep within to be mindful of personal values that are nonnegotiable.

They then need to respond to the situation by identifying the most critical challenges, strategizing and executing on those. Leaders must also connect honestly with key stakeholders, lean on the trust capital they may have built, and continually replenish their energy pool.

The third stage is about learning and reframing—changing tactics and pivoting to leverage opportunities presented by the crisis, and developing newer mindsets and capabilities for leading in future crises.



CRISIS LEADERSHIP MODEL

Source: CCL Research 2020.

REFLECT: Slow Down to Go Fast

Business owners hate uncertainty; therefore, the first response to a crisis is to look for potential actions—and fast! Interviewees revealed, however, that in any kind of crisis, big or small, leaders must not run for the hot spot in haste, but orient to the situation unfolding around them, and reflect on what will get them, their teams, and the organization through it successfully. As different crises unfold with varying speed and intensity, leaders must also tap into the collective wisdom of stakeholders, professional networks, friends, and industry experts, to make sense of bits and pieces of early information flowing in. In the first phase of any crisis, leadership also involves looking inwards to reflect on personal values, what they stand for, and what can, and cannot be compromised. As leaders navigate their fight-or-flight response, they must reflect on how they can link the context around them with their individual journeys once again. Experienced leaders do have an edge since they can draw from the learnings of their earlier crucible experiences. Referring to the current Covid-19 situation, one board director in Singapore advised the following: “This is a Black Swan event; leaders need to look at the realities, recognize consequences, and reflect what their role is and how they can deliver value.”



CRISIS LEADERSHIP MODEL

Source: CCL Research 2020.

ORIENT to Find Your Bearings

In March 2020, a lockdown was imposed in Manila, Philippines, to contain the spread of Covid-19. While all commercial establishments were shut down, the hotel and hospitality industry were the worst hit. One general manager at one of the most popular business hotels in Manila shared that never in her career had she encountered a situation where the hotel could not accept any bookings. At the height of the lockdown, only 12 rooms were occupied in the hotel—by an airline crew, part of a long-term contract. All the restaurants were closed, and there were just lights-on service staff to serve the few guests, along with security personnel. In April, the hotel reluctantly started to accept repatriates, for the mandatory quarantining, at the behest of the government. “All the time we were operating in a crisis mode; it felt like a war-like situation,” shared the general manager of the hotel. She added, “I did not know any better, so we just followed the rules set by the government and Department of Health, without over-analyzing; it helped me orient to the situation.”

As the Covid-19 reality hit home in Singapore post Chinese New Year, there was much speculation around how Singapore would fare. The confusion was compounded by mixed initial messaging around the use of masks, and then subsequent panic-buying of masks and other items of daily consumption. The mixed messaging ranged from the administration being in total control, to an underwhelming response. One CXO of a consumer goods company shared that he heard a lot of speculative chatter and all kinds of rumors. Since it was hard to separate reality from fake news, he decided to just go by the confirmed updates from the government. “It was hard to take a stand amidst all kinds of speculation around how quickly Singapore could spiral down on the Covid-19 slope; we just decided to follow daily updates from the government, and even though

we had various scenarios based on what we were hearing, we decided to not read too much into the market chatter.”

To orient optimally in a crisis situation, leaders must focus on the current situation, based only on the information available, however little may be flowing in. While leaders must continually create and tweak potential scenarios, orientation is about focusing on reality, not over-dwelling on a doomsday scenario. They must also be sufficiently self-aware to evolve their mental models as crises evolve, and not remain stuck in their old ways.

One Indian CEO of a global MNC read about the crisis situation early in February 2020. “I could see the pandemic spreading widely in India and predicted a downward spiral of the market,” shared the CEO. He added: “In late February 2020, I was somewhat convinced that the country would go under a lockdown and most of us will know a person who will get infected, and perhaps a person who does not make it past the pandemic, but I did not let that color business decisions we were making.” Convinced on how the pandemic may play out, and suspecting an impending lockdown, while the CEO spent a few days with his parents, who lived in another city, he did not let his gut instinct impact his business decisions. “We wanted to be as real, and data-centric, as possible,” he shared.

Orientation provides a frame of reference to the leader, and helps put things in perspective, with the lens of realism rather than rumors or speculation.

TIPS

- ✓ Confine thinking to the current situation only
- ✓ Maintain healthy skepticism, not immediately accepting everything you hear

SENSE-MAKING through Wisdom of the Crowds

One CFO at a Malaysian trading conglomerate found himself in a challenging situation when Covid-19 hit the country. With his CEO and the board chairperson laid up with the virus infection, he was obligated to step up to an acting-CEO role. He quickly “snapped” the senior leadership team out of their mental shock and organized a crisis committee with representation from leaders based in different countries across the Asia-Pacific region. The crisis committee was replicated at the business and entity level to ensure the leadership team was hearing from all quarters as it made key decisions. The acting CEO also set up a weekly contact with the board to seek the wise counsel of independent directors. “As a CEO, I wanted to tap into the collective wisdom of my board, MDs and crisis teams, to make sense of how the situation was impacting various parts of the business,” shared the CFO.

Once a leader orients to a situation, he/she needs to determine the nature and scope of the crisis to the next level of detail, beyond what his/her individual mind or the small core group can process. Sense-making is about creating a forum through which key stakeholders can tap into the collective intelligence. The leaders must focus particularly on using the right tool—inquiry or advocacy—as they navigate and make the most of group intelligence and dynamics.

When the Singapore manufacturing operations of a global pharmaceutical company reported a few Covid-19 cases in its manufacturing sites, the head of manufacturing found himself wondering what to do. While some pharmaceutical and biomedical products saw increased demand by the front lines, the factory management was under a lot of pressure to close down or ensure a foolproof virus-free environment at the site. The head of manufacturing set up a core leadership group that met thrice a day to respond to health ministry guidance. Additionally, the group coordinated closely with the relevant government agency to ensure the adoption of best practices.

One CEO of a young private bank in the Philippines—when faced with a unique crisis situation in which he had to ensure banking operations continued during lockdown—scrambled to set up standard operating procedures. While the leadership was supportive and even proud to play the frontline role during the crisis, they were not clear about managing the touchpoints with the central bank and other government agencies, and were concerned about the health of their customer-facing staff. The CEO, a veteran in the banking industry, leaned on his informal network and created an informal WhatsApp group with other leaders at the helm of banks and financial institutions, to collectively make sense of the ambiguous advice/initiatives, as well as to share and learn operating practices from his banking leader peers. “It was truly a democratic group; anyone could share his or her perspective, and irrespective of the size of businesses we led, all voices were equal,” shared the CEO.

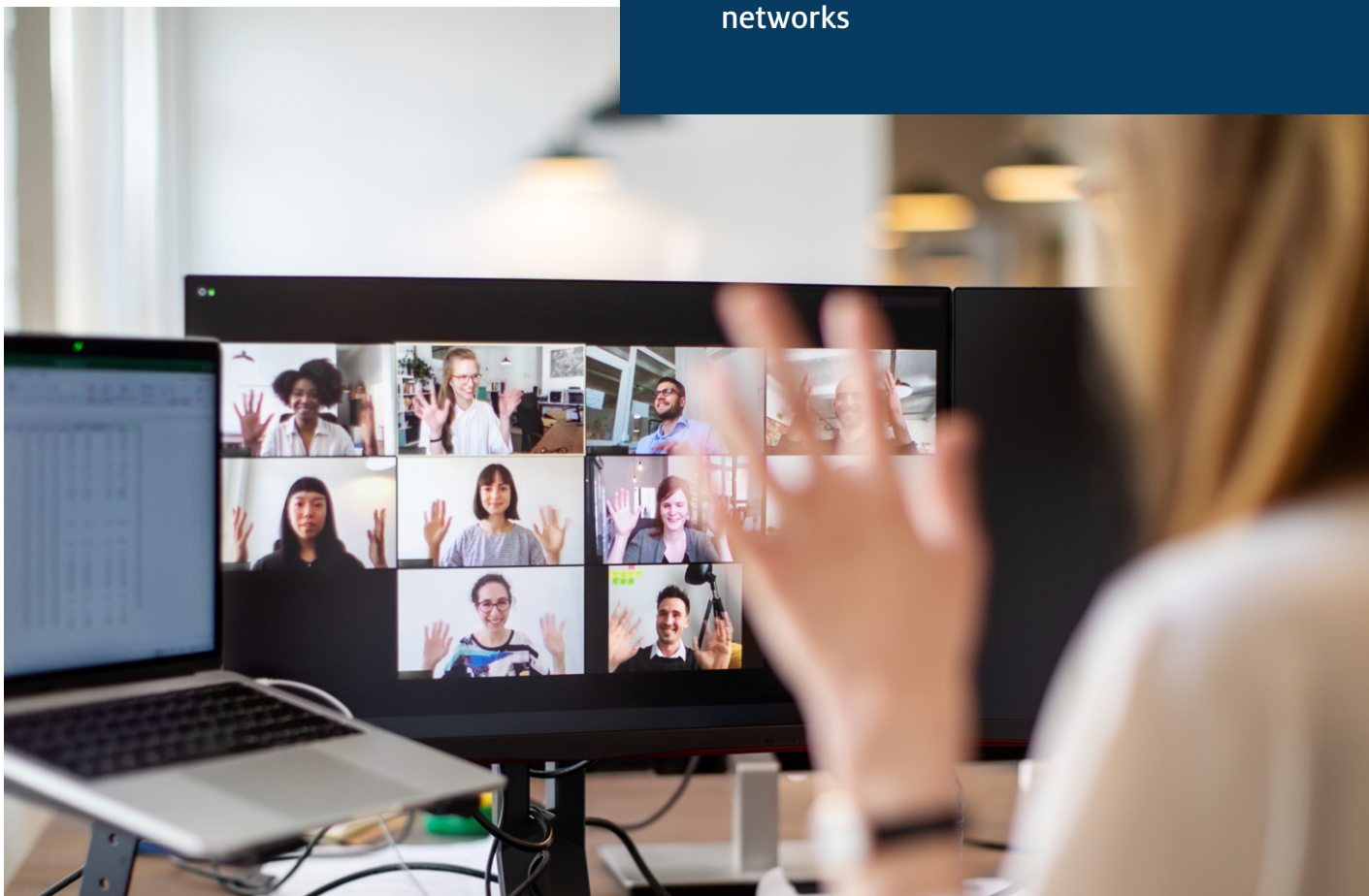
As they tried to make sense of the crisis, while most leaders leaned on internal crisis management teams, leadership groups, board committees, and external informal and industry networks, some even went on a reading overdrive to learn from the existing literature. “Since most of my employees and peers had similar experiences, and came up with a limited set of advice, I can say that I learnt the most from online and print media as it unlocked a whole new stream of wisdom for me,” shared the managing director of a professional services firm in Singapore.

Sense-making is about drawing on different sources of intelligence and wisdom to get a handle on the crisis situation. It is about finding the “length,” “breadth,” and other dimensions of a crisis,

and its various external and internal business implications. “The ability to dimension or box the crisis is a key element of initial sense-making,” shared one CXO of a Singapore-headquartered bank. In fact, several interviewees used powerful metaphors as they explained their approach to sense-making in a crisis situation. To understand the unknown, people often rely on metaphors, analogies, or other rhetorical tools. Metaphors allow for giving meaning to an “unknown” by making associations with a known context or situation.

TIPS

- ✓ Create a forum for tapping into collective wisdom
- ✓ Lean on external formal and informal networks



Reflect on Your EXPERIENCES

One accomplished CEO of a reputed bank in Sri Lanka shared how he had gained strength reflecting on his past experiences when the bank was hit by the Covid-19 crisis in March 2020. In the early nineties, the CEO, a young leader then, returned to Sri Lanka from overseas to head the local operations of a global bank. In 1996, he survived the terrorist attack on the Central Bank in Colombo; his office was located near the bombed building. He didn't even get time to emerge from the shock as he was tasked almost immediately with restarting the bank operations. "We got bombed on Wednesday, and the following Monday we restarted operations," shared the leader. He added: "I restarted the bank without any cash, in a borrowed office," as he drew a parallel with the current crisis his bank was facing. "The fact that this is less of a life and death situation gives me both comfort and confidence in my ability to lead the bank out of the current economic crisis."

Another leader, an Asia-Pacific (APAC) CEO of a professional services firm in Singapore, reminisced how he had experienced massive earthquakes in Taiwan and Kobe in the mid-nineties, followed by a tsunami in Japan. The leader, then a young officer

in a fast-moving consumer-goods (FMCG) company, was in the middle and center of all three calamities. While he had to rescue his team in one calamity, he had to restart a heavily damaged manufacturing line in another. "Earlier this year when my APAC operations went through a tough patch, I thought about my earlier crucible roles to convince myself how deep I can dig my heels," shared the CEO.

Yet another leader, now a CXO of a Singapore-headquartered bank, shared how his previous bank operations were shut down owing to the 9/11 terrorist attacks in New York, and how he had to restart operations with just a phone and a computer connection to access the banking system. "I draw upon my earlier experiences to break the current crisis into manageable pieces, and not get bogged down by the bigger problem," reflected the leader.

Orienting and sense-making is as much of an internal reflection journey as it is an external wisdom-gathering exercise. Leaders must draw parallels between the current crisis and crucible experiences they may have lived through in their careers. They must reflect how the current situation is similar to, and different from, what they may have

“ I draw upon my earlier experiences to break the current crisis into manageable pieces, and not get bogged down by the bigger problem. ”

TIPS

- ✓ Reflect on past victories to gain self-confidence
- ✓ Personal non-work experiences can also be powerful teachers

lived through in their careers, and tweak their responses accordingly. The exercise may trigger clever tactics they could deploy, and give leaders confidence and personal conviction that they have dealt with crises before, and will see the other end of the tunnel on the situation-at-hand. Leaders, as they reflect upon their experiences, may attribute their success or failure to their personality (e.g., “I could do it because I was born with the right genes”), to chance (e.g., “I was just plain lucky”), to the difficulty level of the challenge (e.g., “I failed as the task was impossible”), or to their discretionary effort (e.g., “I succeeded because I apply extra effort to being over-prepared”). Apart from discretionary effort, the leader has no control over the rest. As they have these “inner conversations” in times of crisis, leaders that attribute their success or failure to a discretionary effort element may display much greater resilience, since they have a higher level of confidence in their ability to deal with challenging situations.

Interviewees shared not only those personal experiences that prepared them to deal with crises, but also experiences that generations, or countries, may have gone through to make leaders more resilient. “One reason why Hong Kong and Singapore dealt with the Covid-19 crisis better than many other countries is because they had learnt from their experience dealing with SARS in the early 2000s,” shared one ex-CFO in Singapore. One leader in the Philippines explained how his countrymen are perhaps more resilient, having dealt with natural calamities and political upheavals. “We were a conquered nation for 400 years, under martial rule for 20 years, were colonized by Spanish, Americans, Japanese, and we experience more than our share of floods, earthquakes and other natural calamities every

year; we are quite comfortable in a crisis situation,” pointed out a board director from the Philippines.

Another leader, a CEO with a start-up clean energy firm in the Philippines, shared how—as a graduate student and PhD candidate in the US—he had struggled with academic survival and achieving pass grades, and that taught him how to deal with adversity and emerge victorious. The leader shared how he often reminds himself of those times of “academic crisis” each time he faces a tough situation in his start-up. Leaders often draw strength from such reflections, encouraging themselves to keep going. The leader also shared his experience of leading another start-up venture that got into financial trouble during the dot-com “bubble burst” in 2002. When his investors refused to extend more credit in the face of imminent bankruptcy, the leader dug deep. “You don’t want bankruptcy in your first leadership role, so I displayed more resilience than I thought I ever had,” shared the CEO. He added: “During the current crisis, I drew upon my thoughts from all the other crises I have faced; the elbow room was much bigger in them, but they helped me prepare for this current pandemic situation.”

Leaders often also draw resilience from their sense of identity. It helps leaders construct a response model against external stresses, based on life experiences they have had. Most interviewee CEOs had experienced crucible roles and crisis situations in their earlier career which had shaped their self-identity. Leaders also often play those experiences in their mind to constantly cheer themselves up during moments of despair. Such experiences and resulting self-identity not only helps leaders maintain strong self-belief and confidence, but also encourages them to think out-of-the-box.

Understand Your VALUES

One Malaysia-based regional MD at a large professional services company decided to move on during the Covid-19 crisis, fully aware that this period of global economic despair is perhaps the worst time to go out and look for a compelling senior leadership role. “I saw an increasing divergence between the organization’s and my own value system in the past few months,” the leader shared, disappointed with the organization’s handling of people issues in a non-empathetic way. The leader was directed to cut headcount in a way that did not gel with his own values. “I had a lawyer on the phone call when I

was breaking the news to my team members and I just had to read the script; I understand that we have to reduce costs, but at least we could be more human in the rollout.” Value dissonance usually becomes most prominent at times of stress and crisis, and unless there are ways and means to bridge the values gap, it may result in loss of engagement, or—just like in the case of the professional services company—loss of talent. “I was in this giant soulless machine, which just generates revenues for the shareholders; I did not see myself as a part of this machine for long,” said the outgoing MD. A fourth-generation leader in a family-owned business in Malaysia highlighted that in family businesses, values are nurtured over a long period, and they often set the compass on how to behave and act.

Crises also often spring up a set of complex polarities for leaders. The Covid-19 crisis, for instance, kicked off this debate about lives and livelihoods. There is also sometimes a distinction between keeping a business as a valid concern and the value system of professional leaders at the helm. The CEO, a fourth-generation leader in one of the family-owned organizations in the Philippines, explained: “When we assessed the Covid-19 situation, we needed to move people out, but we had to do it per our value system.” The CEO explained that they could do so in the “shadow of the night,” or openly, in a more supportive way. The organization decided to do it in an open way, with empathy, being supportive to the outgoing staff. “We did not see a lot of friction in the value system, the leadership team was supportive, and the employees displayed a lot of maturity and understanding,” he explained.

Crises put tremendous strain on leadership, resulting in invisible and fine cracks in value differences becoming visible and wider. These “value cracks” may result in an unease on the part of the CEO or the board chair in taking critical decisions at times when leadership needs to be at its decisive best. Leaders need to be extra-thoughtful around the values of the organization, which, in the best-case scenario, should not deviate much from the collective values of the executive team. That may not, however, be the case in all organizations, especially in family-owned entities, where the shareholding is very concentrated, or in government organizations, where stakeholders are too many, too

TIPS

- ✓ Have formal and informal conversations with key stakeholders to resolve value dissonance
- ✓ Be aware of potential biases

diverse, or weighed down with too many different agendas. For instance, one general manager of a city airport in the Philippines had a serious value mismatch with the representative of the provincial government with respect to airport usage by foreigners during the current Covid-19. The government representative wanted to disallow foreign travelers to take connecting flights from the airport in a bid to arrest the spread of the pandemic. This was squarely against the value system of the GM, who wanted to help people get home during the crisis situation. It resulted in a lot of friction between the two senior leaders.

Values are often also influenced by the context in which the entity operates, so dissonance may also occur because what motivates the decision-makers at the headquarters may differ from what motivates the local business units and entities in Asia. Global MNCs need to be aware of this potential dissonance as they make critical decisions impacting operations in Asia. “Working for a large MNC that has its origins in North America, you can see divergence in value systems globally,” elaborated the Asia-Pacific head of a global MNC. He explained that in ASEAN countries and Japan, for instance, there is a strong sense of collective destiny, shared success, and shared responsibility. This may conflict with strong individualist and “corporate hero”-driven vision in a stereotypical North-American MNC. “When a business goes through a crisis, the tendency at the headquarters is a bit more individualistic, which can be beneficial for shareholders but not for all stakeholders, employees, and society; this can cause a lot of concern for ASEAN-based operations,” shared the leader. Leaders, however, cautioned that while values may vary from one organization to another, there are no inherently good or bad values; they are just different.

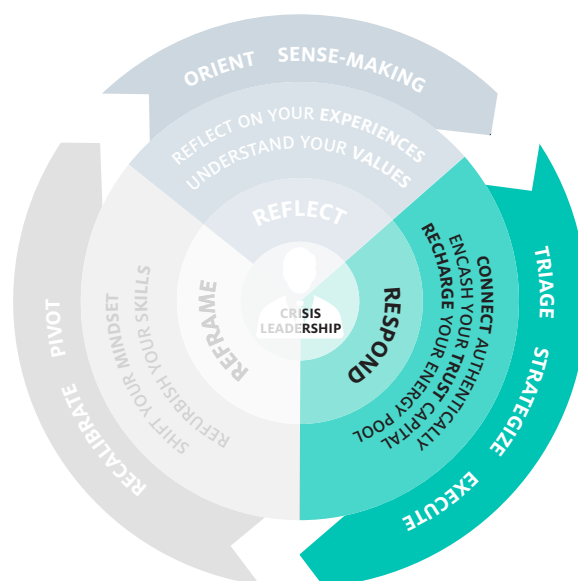
Leaders need to be aware and deliberate about closing value gaps, if any. Sometimes an uncomfortable

conversation with the CEO or board chair may help, but in most cases the leaders must display a mature sense of self-awareness to see own biases, and appreciate diverse opinions. A CEO at a Philippines-based bank explained how he made peace with value differences when he moved from a very competitive global bank to a family-owned bank in the Philippines. “I was colored in my global bank ways and had a strong belief in the value of meritocracy; however, in the new organization, loyalty was very critical and often disproportionately rewarded,” he elaborated. Even when he had to take hard headcount-reduction calls, loyalty was a key decision criterion, and this caused a lot of discomfort to the leader. After several uncomfortable conversations with the board chair, and after hearing several stories about how loyalty had helped the private bank tide over its worst times in the past, he conceded and made peace with the fact that he needed to give loyalty value its due. “In my mind, loyalty buys you a second chance, and if you don’t fix your performance issues, the system will invariably get you the second time,” he elaborated.

“ When a business goes through a crisis, the tendency at the headquarters [in a western MNC] is a bit more individualistic, which can be beneficial for shareholders but not for all stakeholders, employees, and society; this can cause a lot of concern for ASEAN-based operations. ”

RESPOND: Rebuild the Ship as it sails!

Once the leaders are able to draw boundaries around the crisis, even though the dimensions are constantly evolving or changing, they need to respond to the situation. They need to prioritize their actions, create a game plan based on potential scenarios and action steps, and execute through the resources available. “It is akin to (re)building the ship as it sails in rough seas, without a compass,” shared one board director from Singapore. Effective action may not be possible unless the leader is authentic and enjoys a level of trust with the stakeholders. The “respond” stage can be long and painful, and often may drain out the leader. So while the leader manages the external situation, he/she must also find ways to recharge his/her own energy to keep going.



CRISIS LEADERSHIP MODEL

Source: CCL Research 2020.

TRIAGE Mindfully for Maximum Impact

When the 1,000-employee global professional services company in Singapore was jolted by the pandemic and the subsequent “circuit breaker” in April 2020, the first reaction was to put together a response team comprising functional heads and business leaders, and supported by a global emergency team. Once the safety concerns of the employees were addressed, the leadership team set about prioritizing where to focus its energy over the next few weeks. To ensure business continuity, they first went after sorting out the infrastructure so that teams could continue working from home. The leadership team subsequently shifted their focus to revenue protection. “For me, once the health and wellbeing was taken care of, the next existential focus area was client deliverables and financials, because we still needed to run the business and pay our bills,” shared the regional MD. “We tracked vital signs and indicators, and juggled priorities accordingly,” he added.

Just like in a hospital, doctors and first responders are trained to quickly identify who is in dire need of medical attention, in a crisis situation, business leaders must identify and plan how they will solve existential threats quickly. It is critical that leaders differentiate the “urgent” from the “important” based on the existential-threat criteria. The leadership team must then appropriately focus resources and energy, and continue to triage issues and challenges as the crisis unfolds.

TIPS

- ✓ Appreciate the difference between “urgent” and “important”
- ✓ Prioritize people issues over everything else

In a crisis situation, human harm, commercial survival, or long-term reputation risk may disproportionately influence the triaging process. In regulated industries, there is also an element of regulatory compliance, which is a key influence. The Asia-Pacific manufacturing operations of one pharmaceutical company, when hit with the Covid-19 crisis, quickly triaged its activities to focus on the most essential. “The decisions to stop certain less-important jobs and focus on the most important things were very important at that point,” mentioned the manufacturing head in one of the most impacted business units. He shared that only two to three essential projects continued. These were strategic projects that defined the long-term future of business, compliance projects, and projects related to the environment. All the work that was less essential was stopped, including experimental research, branding projects, and audits. Even within the product set, the leadership team focused on a portfolio of medicines that were very critical to the company and patients. All other medicines, including those that had alternatives or were well stocked, were taken off the production line.

The first and most critical element in the triaging process in any crisis situation may be the people element, ensuring their safety and well-being,

or simply allaying their fears. “It is all about continuously prioritizing; there are several things you need to gloss over, but one thing you cannot ignore are people issues,” shared one CEO of a membership-based industry body in Singapore. He shared that the first trigger in the Covid-19 crisis happened sometime in February 2020, when one or two people started coming into the office wearing masks; they were very jittery and concerned because some of them had had family members who had suffered during SARS. “Then one day, one team member broke down; she wanted sanitizers, masks, and gloves. I immediately knew I had to bring the staff together, form a crack team and do something,” he shared. For the CEO, the three things he prioritized were allaying people’s health fears, ensuring they were equipped to work from home, and fostering client/member communication concerning planned activities.

Triaging is not only about prioritizing, but also about coming up with the prioritization criteria, putting the first-response team together, ensuring a cadence of communication with key stakeholders, creating an execution plan, and regularly monitoring the data flowing in as the crisis unfolds—data that could change the prioritization sequence or process.



STRATEGIZE with a War-Gaming Mentality

“We are going through a storm, and we need to create a plan to stabilize the ship,” shared one MD of a financial services company in Malaysia, explaining the need for a compelling strategy in a crisis situation. “You need to offload some packages that are not necessary, because the storm will not last, the ship and most passengers need to survive; if the ship goes down, everyone will suffer, so we better prioritize, strategize and make sacrifices if needed,” he added.

One CEO of a private bank in the Philippines explained how they strategized to deal with the current crisis. As Covid-19 reality hit the country, the leadership team sensed a potential for a SARS-like situation that the bank had experienced in 2003. They dug out their old pandemic plans and that gave them a head start. “I didn’t have to rethink the whole process as we had a playbook from our SARS days,” shared the CEO. The first thing the CEO evaluated was how the current situation differed from the SARS one, and made appropriate adjustments to the two-decade-old playbook. Based on the lockdown situation in Manila and the government directives towards the banking industry, the leadership team drafted potential scenarios. They created five potential responses grounded on five different triggers. The CEO then went about communicating the potential scenarios and responses to the wider team. “I had to explain it to everyone; you cannot send a memo about a life-threatening virus,” he shared. “You speak first, then you send out the speech; it is critical that leaders set the direction for the company when there is a lot of stress, confusion and anxiety in the system,” the CEO added.

Leaders at the Malaysian financial services company and the Philippines bank crafted potential strategies to deal with the current Covid-19 crisis. Interviewees explained that crisis leadership strategy is simply a framework for making decisions. They shared that developing a straightforward, simple, and concise crisis strategy goes a long way to help cut through the chatter and simplify decision-making. A well-thought-out strategy enables leaders to be flexible and adaptable in crisis situations. Traditional ways of running businesses and delivering value may no longer apply; leaders must therefore reassess assumptions based on changing contexts, and prepare to operate in a dynamic environment. Interviewees further highlighted three must-have aspects of crisis strategy. The first involves an integrated approach: deep coordination across sales, marketing, finance, operations, IT, and other critical functions to achieve a holistic view of short-term challenges and long-term impacts during a crisis. CCL research on “boundary-spanning” leadership highlights that wherever group boundaries collide and intersect, there is potential for different ways of working and new forms of collaboration.² By definition, boundary spanning is when leaders can work with a great variety of people from differing positions, backgrounds, and

TIPS

- ✓ Create potential scenarios and action triggers
- ✓ Think in terms of days and weeks, not years

locations. It is critical that leaders work horizontally, across functions and locations, and with external stakeholders. The second aspect of crisis strategy highlighted by the interviewees was having an astute understanding of good, bad, or worst-case scenarios, and triggers and potential action steps to consider. The third aspect that emerged was the importance of analyzing balance sheets, and of cost and liquidity levers being available in the short term while minimizing long-term impacts. Interviewees further shared that they needed to think in terms of days, weeks, and months, and not craft a two-, three- or five-year strategy.

One of the most respected young entrepreneurs in Malaysia, the founder of a payments company, shared his first reaction to lockdowns in various Asian countries. “We projected our cash flows, and identified three different scenarios—‘worst,’ ‘OK,’ and ‘good’—and we further had 50 different scenarios to understand the cost structure for the worst case scenario, a one year lockdown in three markets we operate in,” he explained. “Worst case, we strategized to wind up operations, and make sure everyone is fairly compensated, and being fiscally responsible to our investors,” he added. The founder shared that once he had such scenarios in place, he felt more in control.

The CEO of one Thai real estate company explained how they had worked through their financial strategy as the Covid-19 crisis hit the company. The leadership team immediately communicated to the

top executives that liquidity, not sales, was the first priority. Their financial strategy centered mainly on accounts receivable and payable, and debt restructuring. They paused, with immediate effect, any trading activity with customers—both Thai and overseas—that had questionable financial status or uncertain financial credibility. In parallel, the supply chain department was tasked to negotiate the best terms regarding the accounts payable. The team also took account of slow-moving and debt-stock inventory, and tried to sell it on a priority basis. To further conserve cash, the company halted overseas investments and initiated dialogues to revise partner contracts. Moreover, the real estate firm shuffled the ratio of long-term to short-term loans towards more long-term debt. As the business volumes contracted, the company took a hard decision to reduce some headcount contracts, and they also leaned on the Thai government’s policy to suspend working for 90 days. Additionally, significant salary cuts were implemented across all levels.

The CEO of one logistics company in Indonesia, however, underlined that while crisis strategy includes long- and short-term levers, it should mainly center on survival. “Currently, rather than hiring, companies are laying off people, so we should be talking about how we survive this crisis,” he cautioned. “What if these conditions continue for the longer term, for the next 3 months, or even until the end of the year?” “Not all companies will survive,” he added.

“**...there is potential for different ways of working and new forms of collaboration.**”

EXECUTE Dispassionately

When the Covid-19 crisis hit their manufacturing units in March 2020, the leadership team of one global pharmaceutical company in Singapore were faced with multiple operational issues. The leadership team met up to three times a day, initially mainly around safety issues such as distancing norms in plant canteens, during transportation, and in the workplace. Like most organizations, the first challenge involved sourcing of masks, PPEs, and thermometers for several thousand staff. “We could operate the factory with 50 percent of staff working from home, but that required a lot of coordination and alignment,” shared the head of manufacturing. The initial few weeks were critical for the operations in Singapore as they aimed to execute advance shipments to the UK and US before the crisis hit their headquarters and other key consumption markets. “We were in constant firefighting,” the head added. The CEO of one professional services firm in India used the crisis as an opportunity to review their business model. The organization modified their process flows, and their corporate structure, especially human resources, starting with their employment processes.

Interviewees made a distinction between handling operations during a crisis and taking care of people

issues. One business leader in Cambodia made the following distinction: “Crisis leadership is about leading employees, while crisis management is about operational issues.” Execution is when leaders must view a crisis through two lenses. The first is where to lead people, and where to manage processes. The second lens mainly concerns solving critical challenges or managing operational polarities.

The most critical people decision most organizations had to act on when the lockdown occurred in most countries in Asia during February to May 2020 was ensuring the health safety of people and enabling them to work from home. Many organizations, for instance, went into a frenzy procuring laptops for their employees. Having two teams—Team A, Team B—and alternating their work days was an approach commonly adopted by organizations. Compared to workflows, dealing with people’s mindset was much harder, because there was a lot of anxiety in the teams. “There was always a member of the top team available at hand if any employee wanted counselling or had a problem at hand,” shared one bank CEO in Sri Lanka. The bank also arranged for a trauma counselor on call. Further, all employees aged over 60 and expectant mothers were instructed not to go to work under any circumstances.

“**The emotional part was harder to deal with; you cannot use rationality to address peoples’ fears.**”

TIPS

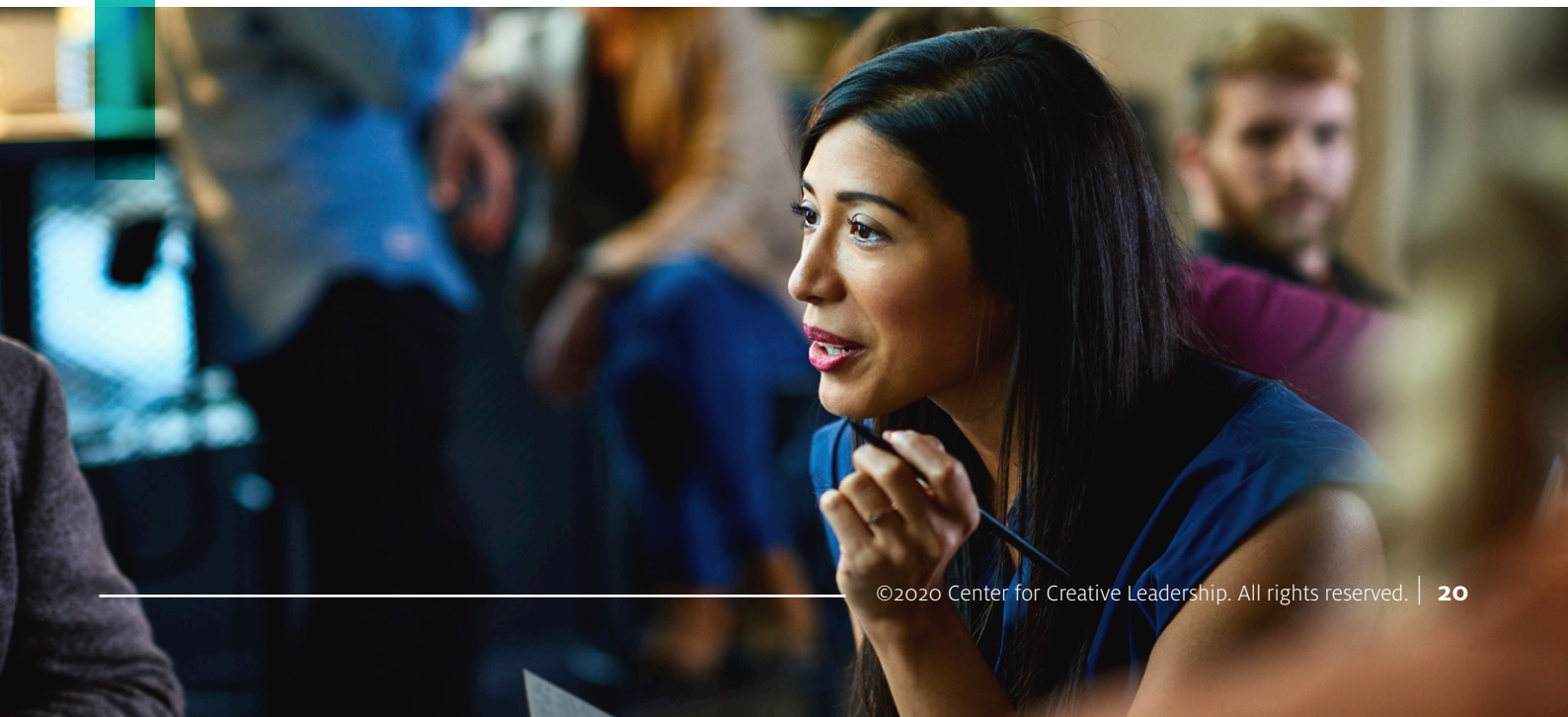
- ✓ Differentiate between crisis management and crisis leadership
- ✓ Focus disproportionately on communication

“The emotional part was harder to deal with; you cannot use rationality to address people’s fears,” explained a banking leader in the Philippines. “I wrote a 4-page handwritten note and posted it on my Facebook page to connect with the wider team, since there was a lot of anxiety about coming to work during lockdowns,” he shared, explaining that it was hard for bankers to be at the front lines. “I also wrote that these times remind us about the honor in being a banker, and honor in serving our country,” he explained further.

If done correctly, managing the machine—the structure, operations, and processes of business—and leading people create a virtuous double helix where one side enables the other. For example, the way in which organizations set up information flow can lead people to work together or create silos. Both managing the machine and leading people are vital. Sometimes— crisis is often one of those times—leaders emphasize one at the expense of the other. They may start managing people, essentially treating them like objects in a process, instead of engaging them as thinking adults. Or, at the other end of the spectrum, leaders may focus so much on people that they neglect to make hard choices about business.

Having seamless communication—upwards, sideways, and downwards—is most vital to all

execution efforts. This became even more critical during the Covid-19 crisis, since most teams were working from home for long periods of the lockdown. “For four months, we have been having a call every night from 9 pm to 1 am in the morning, where the leadership team discusses everything that the team goes through during the day—system, processes, external policies; next day in the morning, I convey key decisions to my team for their actions,” shared a leader at a membership organization in Singapore. “My team met thrice a day in the first few months of the lockdown—morning 8 am, after lunch, and then at 5:30 pm; it was not to check if the staff were working, but to keep them engaged,” shared one COO at a private bank in Thailand. One CEO of a hospital in Malaysia shared that constant communication in a crisis situation is not always about her team reaching out to her to seek answers, but rather about being reassured that their leader is listening and that someone has their back. “For most decisions, you don’t have time to consult many stakeholders but you need the decision-making structure so that people know who is involved in making key decisions, and who to talk to if a decision had to be made,” she shared, explaining the need to communicate frequently during crises when several key decisions are needed.



CONNECT Authentically

“I see authenticity as a prequalification for leading people to an unknown destination,” shared one Asia-Pacific MD of a global professional services firm. “It helps bring the best ideas forward, creates greater buy-in, and fosters an environment of more realistic understanding of what to expect, and where you are going,” he added. CCL research highlights that authenticity is the healthy alignment between the internal values and beliefs, and the external behavior of leaders³. Authenticity comes from finding an individual style and way of leading—and making life decisions that reflect leaders’ values and personality.

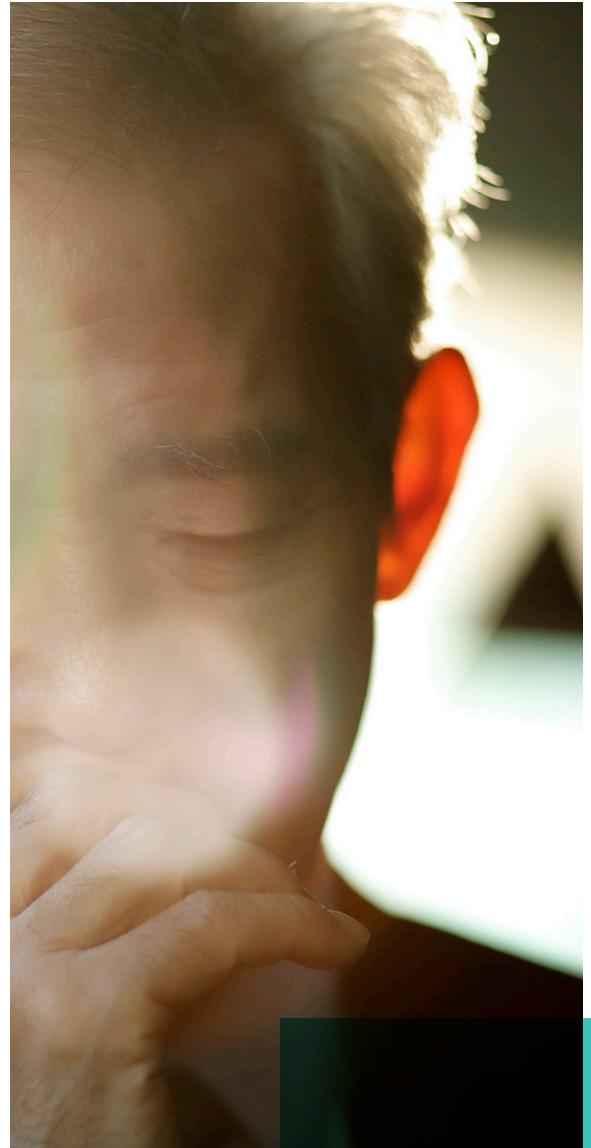
Interviewees shared that in a crisis situation, when trust runs low, the only way to take tough calls, get wider buy-in, and set the right direction is to connect with stakeholders in an authentic manner. “I realized, through the current Covid-19 crisis, that employees are not looking at leaders to tell them the answers—they understand that leaders don’t have all the answers; they just need leaders to provide the stability employees need to get through their day,” commented the CEO of a chamber of commerce in Singapore. He cautioned that leaders cannot and must not promise that things are going to be fine, and that employees’ jobs will be protected. They must make sure that employees channel all their energy into giving their best shot in whatever they are working on without getting distracted by constant context shifts that may happen in a crisis situation. “Leaders must continue to be transparent and willing to share information that is available; that helps teams feel a sense of anchor,” he added.

One CEO of a trading company in Malaysia shared the organization’s philosophy of being transparent. Owing to a two-month lockdown in Malaysia, the company, which also operates car showrooms, was no longer able to sell cars as all commercial establishments were closed. To cut costs, while various people-related actions such as headcount reduction, salary cuts, and furloughs were on the table, the leadership team decided to just pull back on giving any increments for the year. “It was not a popular decision as far as the employees were concerned, but what I did was to explain that they needed to help the company, and that the leadership team was trying to avoid retrenching people, to minimize headcount, and to secure people’s jobs,” he explained. “People got it, they were thankful to hold on to their jobs, and in fact we witnessed a lift in engagement,” he added. A leader at one Thai medical devices company shared how their organization had started disclosing financial numbers to the entire organization during the Covid-19 crisis, when the business was adversely hit. “While in the past, we did not share financial numbers with the staff-level employees, during the crisis period we clearly communicated the details to the entire organization, because people must understand the situation, and not be shocked by appropriate plans the organization may implement,” the leader shared.

TIPS

- ✓ Humility and empathy helps
- ✓ Being vulnerable is seen as authentic

Interviewees pointed out that to be truly authentic, leaders must be humble in terms of acknowledging they don't have all the answers, and empathetic, in terms of seeing the situation from the perspective of different stakeholders, and not shy away from appearing vulnerable. One CEO of a technical services company in the Philippines explained his approach to being empathetic: "It is not about telling people I share their pains and concerns; I think it is about balancing the size of ears and mouth, and I think leaders need bigger ears!" "People must see me as traveling in the same boat, and that I share their anxiety, insecurities, and fears." One GM of a large business hotel in Manila shared that she often draws her energy from her teams, and that her teams indirectly help her cope with daily challenges. "I show my emotions, I am sad, I commiserate with them, I eat with them, we are all in this together; I don't isolate myself from them," she shared, as she talked about her mindset towards being empathetic to connect with her teams. "I am not managing by remote control—I need to be there—while I don't need to expose myself to the potential infection as I can do virtual meetings, that may not help as I try and connect with my people," she added. One ex-CFO at a financial services company in Singapore clarified that being vulnerable does not mean a leader should share the worst-case scenario with her teams. That, in fact, may be counterproductive as it may scare employees.

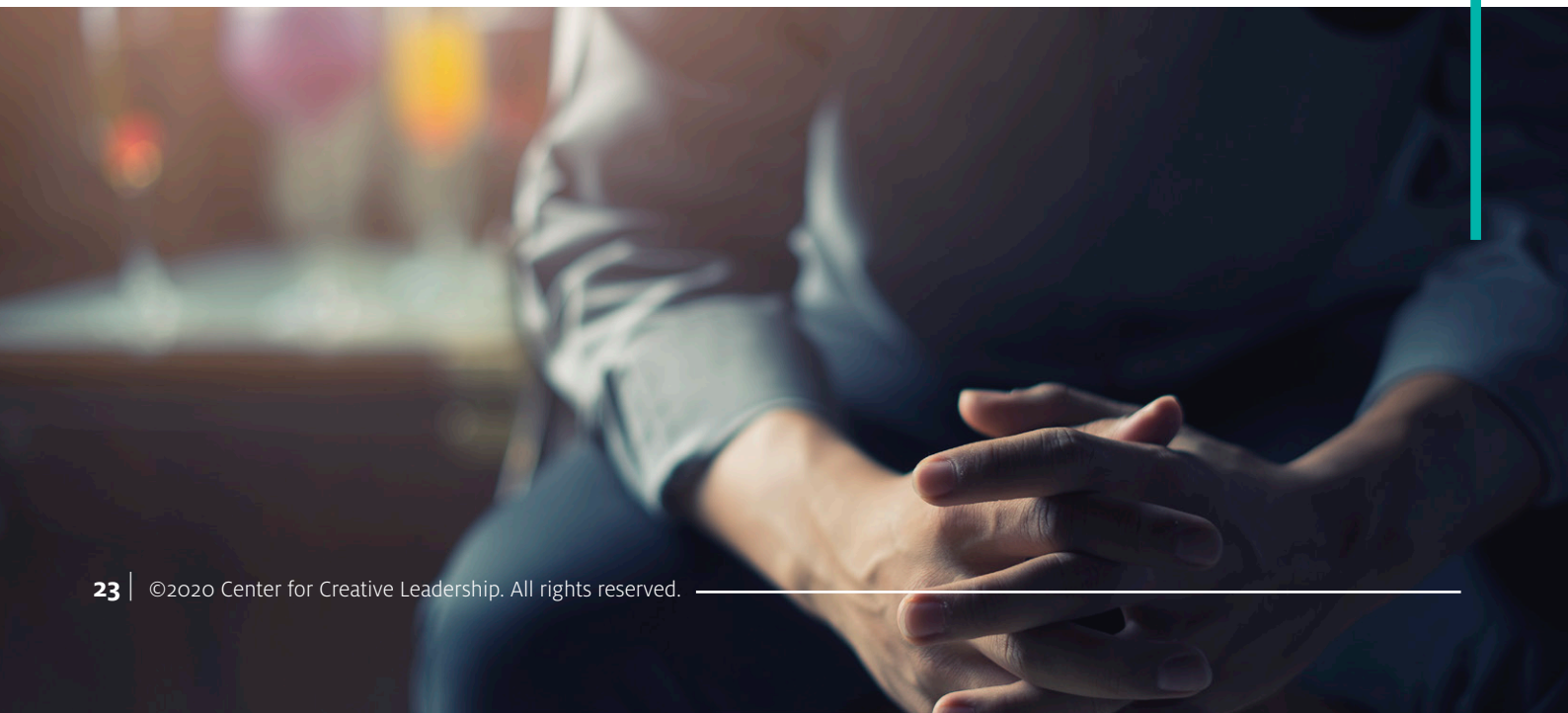


“ I realized through the current Covid crisis, that employees are not looking at leaders to tell them the answers, they understand that they [leaders] don't have all the answers; they just need leaders to provide the stability employees need to get through their day. ”

“You show that you are aware of what can go wrong, and that you are already preparing for it, so that you build confidence in the process of being vulnerable,” she elaborated. One head of department (HOD), at the helm of one of the largest membership-based organizations in Singapore, chose to be at the front lines with his teams, even at the cost of being mocked, when his team was tasked with a critical assignment during the Covid-19 crisis in the country. “I made myself vulnerable as I decided to stand and conduct operations at the frontlines, even though I did not understand the processes fully,” he explained. “People saw me fumble, ‘cause I am a new citizen and I did not know the government processes we were tasked with; when they saw that their HOD was vulnerable, it gave them license to make mistakes, be more vulnerable themselves, and less stressed out,” he elaborated. Another leader, a board director in the Philippines, clarified that humility doesn’t mean not claiming to know any answers, but instead involves embracing accountability and direction, and demonstrating that a leader is capable of taking actions to achieve that mission. “Being humble means my ability to collate all opinions in an unbiased manner to chase my mission,” he explained. A start-up founder in Malaysia further shared that humility is a two-step process: “The first step is being vulnerable in a good way, to receiving

feedback and hearing what is being thought, and being open emotionally to catch the best ideas; and the second step is showing confidence once there is a plan, not flip-flopping on it.”

Leaders who are clear about the importance of building trust are better able to be authentic without being inappropriate. But being authentic isn’t a license to behave without filters, political savvy, or good judgment. When leaders look, walk, or talk in a manner consistent with dominant images of leadership in their organization, line of work, and even broader culture, authenticity usually comes easier and more naturally to them. It is therefore also important to understand social identity and embrace inclusive leadership, so that more people bring their whole selves to work. One CEO of a boutique consulting firm in Malaysia explained that just because a leader is transparent, he/she cannot go to the board and say he/she has no clue about the situation. He elaborated: “The leader must explain that with all the information available, here is what he/she thinks the organization must do. Well if things don’t work out, in 3 months, I can go to the board to say I made a mistake or the crisis unfolded in a different way, so we need to course correct; that is a more authentic approach to working with key stakeholders,” he explained.



Encash TRUST Capital

“Trust is the currency of confidence during crises; it enables a leader to buy time,” commented one ex-CFO at a financial services company in Singapore. She shared that leaders must invest energy to build trust during peace time, so that they can draw from the “trust account” during crises. As one CEO of a professional body in Singapore explained, “I think it boils down to the social capital that you build over time; I realized this during the Covid-19 crisis.” This CEO, who had been in the role for three years, explained that he was new to the organization’s line of work, and he was open about his lack of experience. This has built authenticity and trust with his team. “I don’t put on a front with my people, so they trust my authenticity and are certain I will stick with them through their ups and down,” he said with confidence. “I had built a lot of trust capital, which I encashed during the crisis, when I wanted my teams to completely stand by me,” he added. “You cannot build trust during a pandemic; you can only hope you had it before the crisis,” reinforced one MD of a family-owned logistics company in the Philippines. “If they [people] take a pay cut, you take a pay cut; if they are coming in to work during a lockdown, you come in too,” he added.

Interviewees shared that trust usually warrants some combination of capability, loyalty, and integrity. When leaders display a combination of these traits over time, they develop an authentic relationship with their teams. Then, during tough times, when leaders are expected to make difficult decisions, incremental trust helps them set direction and attain alignment and commitment with their teams.

Leaders must not only have a trust balance with their teams, but also must trust their teams during

testing times. One area where many Asian companies felt a lack of trust from their leaders was the new-to-Asia work-from-home (WFH) arrangement during the Covid-driven lockdowns. Interviewees shared that while global MNCs have traditionally believed in flexible work arrangements, for more traditional Asian companies, a WFH arrangement was often regarded as people taking time off! Long-term trust between leaders and their teams may also bind leaders as they try and make tough people decisions. “During the crisis, I considered closing the operations, but trust of my people motivated me to survive,” shared one CEO of a travel company in the Philippines. The CEO emotionally conveyed that letting people go during the tough Covid-19 crisis period was the hardest decision she had to take in her long career. “I was devastated to let some of my team members go, since they had served me for as long as 36 years loyally during my ups and downs,” she explained as she broke down.

“Build trust during peace times, so that you are not alone during crises; continuously invest in building trust capital with key shareholders, suppliers, bankers, and boards,” summed up one board director in India.

TIPS

- ✓ Think loyalty, integrity, capability
- ✓ Use trust capital to set direction, get alignment, develop commitment

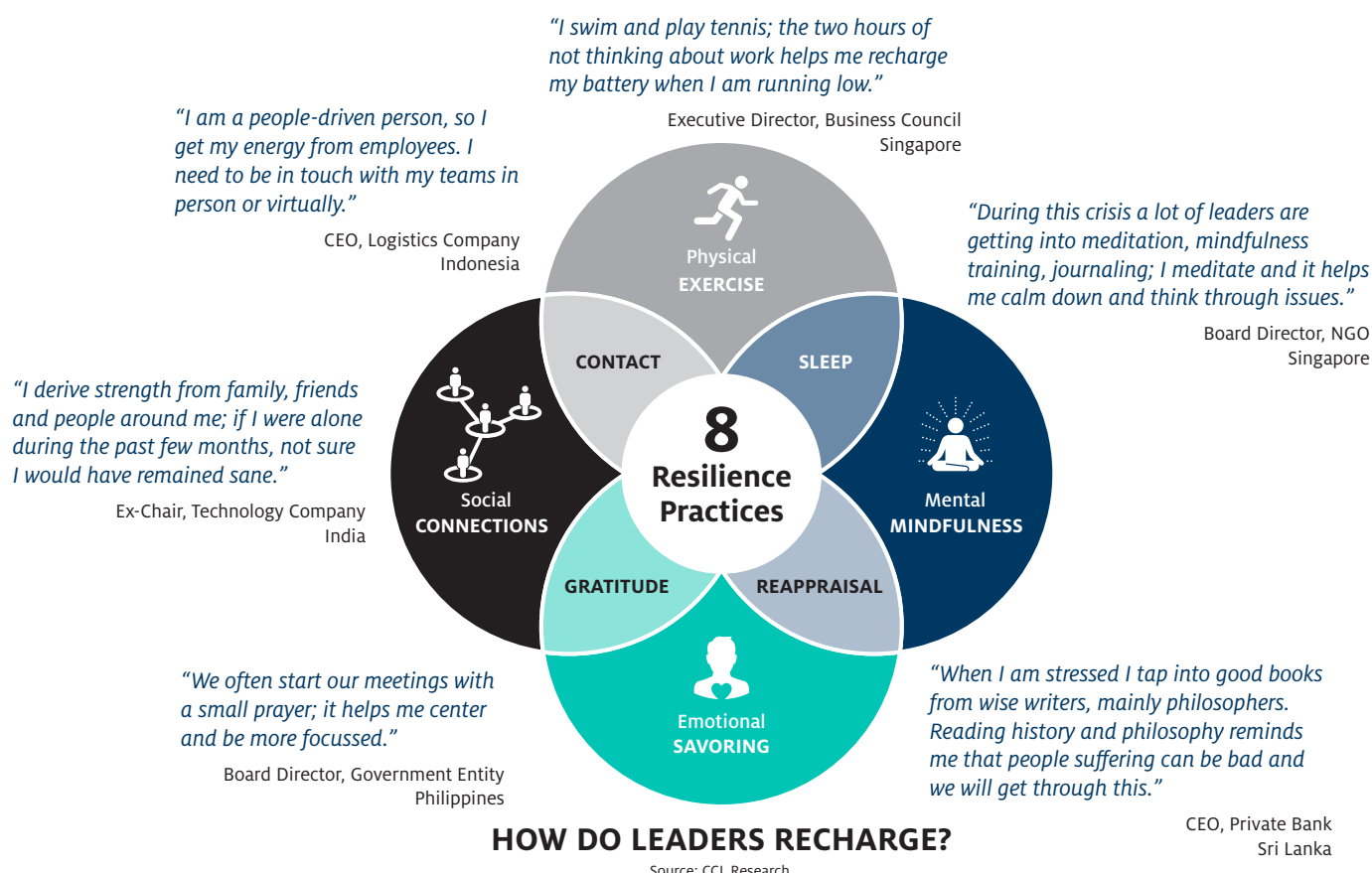
RECHARGE Your Energy Pool

One Indian head of a global medical devices company found himself very buoyant and self-confident till June 2020, bravely dealing with all Covid-19–related business challenges, and regularly connecting with teams and clients. In July, the leader shared, he touched a low because it was increasingly a challenge to run an organization when business had been hugely impacted. By mid-July, the leader was having sleepless nights! “How I was behaving was impacting everyone in the organization; I became a bit irate, losing my temper, getting irritated; then I realized that candor was depleting and people were withdrawing into a shell,” shared the leader. He eventually realized that his behavior was negatively impacting team performance during the pandemic.

Interviewees shared that all leaders have a finite pool of energy, from which they draw energy each time they need an emotional boost. In extended or long-term crises such as the Covid-19 pandemic, leaders can feel depleted of their internal energy, which can cause further confusion and disengagement in their staff. “I think unconsciously in the first two weeks of the lockdown, I went into a regressive model,” shared one board chair in Malaysia. “As much as I had planned to do a lot of things—more reading, more writing—I regressed to doing nothing in the first two weeks of the lockdown,” he added.

TIPS

- ✓ Defocus from the ongoing crisis on a regular basis
- ✓ Avoid energy-sapping, negative, demoralizing media reports



8 STEPS To Enhance Resilient Leadership

1. Develop and nurture a broad network of personal and professional relationships. Personal relationships create a strong base of support—a critical element in achieving goals, dealing with hardships, and developing perspective. Remember that relationships are important for your team too.
2. Be intentional about setting aside time to contact your connections. Socializing outside of work conference calls is important and should be part of our daily routines, even if it's brief.
3. In addition to lowering your blood pressure and cholesterol, we know that regular exercise improves your ability to process stress and simultaneously increase your resilience.
4. Detaching from work and making time for the recommended seven to eight hours of sleep each night is scientifically proven to strengthen resilient leadership.
5. Whether you're celebrating success or enduring hardship, making time for mindfulness can help you handle stress, uncertainty, and setbacks. Mindfulness fosters learning, new perspectives, and a degree of self-awareness that can enhance your resiliency.
6. Embrace new perspectives, gain new understandings, and apply them during times of change. Don't hold onto old behaviors and skills just because they're familiar, especially when it's obvious that they no longer work.
7. Deliberately enhance and prolong your positive moods, experiences, and emotions. Consciously savoring the good things in life is important because neuroscience research suggests that our brains have a negativity bias, so leaders must be intentional about reaching for positivity in order to enhance resilient leadership.
8. Take time to acknowledge and appreciate small things throughout your day. The more purposeful you are about practicing gratitude, the more things will naturally trigger a feeling of thankfulness.



Source: CCL Research.

Leaders, once they realize that their energy pool is running dry, often resort to activities such as reading, meditation, faith, family, and exercise in order to refresh and recharge their energy levels. Some interviewees suggested that continual media bombardment of negative news also hastens the energy-depletion process. "I have stopped reading anything on Covid-19; earlier I used to follow technology, vaccine status, medicine testing, number of active cases and deaths," shared one leader working in the field of education in Indonesia. "Everyone seems to be speculating; it is therefore better not to be burdened by such thoughts," he added.

A dash of realism also helped leaders reduce their stress levels during the Covid-19 pandemic. "Startups are volatile, and I actually had to accept that there was a potential chance that my start-up may not make it through the pandemic crisis," shared one CEO and founder of a start-up in Malaysia. The leader played "what-if" scenarios around potential shutdown in the company. He played scenarios in his head and

realized it was not as bad as it had seemed earlier. The moment he accepted that his company had hit rock-bottom, and things could only get better from thereon, he felt re-charged.

One Indian ex-MD at a global engineering company shared that taking care of himself was perhaps the biggest learning point to date for him during the Covid-19 crisis. "Eventually, the ability to keep your energy level neutral or positive to have a forward-looking mindset is driven by physical fitness, ability to engage in in-house enjoyable activities, and ability to challenge one's thoughts," he shared. "You need to take the joystick of your emotions back into your hands," he advised.

CCL research suggests that in a crisis situation, there are eight steps leaders can take to advance and thrive (see the "8 Steps To Enhance Resilient Leadership" box)⁴. By modifying thoughts and actions, leaders must change their views, habits, and responses. Not only will that help broaden their own outlook, but it will also inspire their team to become more adaptable and resilient.

REFRAME: Make the Most of Adversity

Just solving the challenges thrown by the crisis is not enough. Interviewees agreed that as the world becomes more volatile and uncertain, businesses and leaders will need to deal with a higher number of crises. As leaders emerge from one crisis, while surviving is important, they must leverage the crisis to learn and become wiser and stronger. “This [Covid-19 pandemic] is not the last crisis we are facing, so we should not waste this opportunity to learn and prepare ourselves, our teams, and our organizations for the next global crisis, which may happen sooner than we all think,” shared one Indian business head of a global MNC. “Now is the time to silently build our crisis leadership muscle,” he added. Leaders must therefore reframe their approach, reform their teams and processes, and focus on new and emerging urgencies. As the crisis ebbs, leaders must take what they have learned, and anticipate and pivot into the future. A key aspect of the reframing process is to bring about shifts in skill sets and mindsets.



CRISIS LEADERSHIP MODEL

Source: CCL Research 2020.



RECALIBRATE as Each Crisis Unfolds

In April 2020, the leadership team at the India-based operations of one global medical devices company received a feedback that there were serious gaps in the newly overhauled processes the company had launched during the Covid-19 crisis. The team realized that implementing process optimization in itself was not enough; customer contact teams must also be able to communicate the new process to customers. They quickly shifted their focus to communication rather than process fine-tuning. Recalibration requires you to reassess all the previous steps and update your approach. It's not just about re-evaluating in the moment; it's about getting out of the "arena" and up in the "stands" long enough to be able to see the entire crisis process. The medical devices company recalibrated their process in order to upgrade customer centricity.

Without the luxury of sufficient manpower to design and launch new products, one private bank in Thailand leaned on the concept of agile teams. "We had practiced it for a few years, but now we realized it was most important; recalibration to agile helped us go to market faster, and fail fast," shared the COO of the bank. The bank also subsequently recalibrated their office space needs. "In the longer term, there will be reduction in the office space, and there

TIPS

- ✓ Reassess the environment regularly to unearth hidden opportunities
- ✓ Maintain customer centricity

will be a different office configuration," added the COO. The organization estimates that hot-desking will help the bank become more efficient in terms of expenses. Like many other organizations, the third area that the bank is tweaking is international travel, replacing the majority of travel with videoconferencing.

Interviewees shared that recalibration must involve a reassessment of environment and trends, acknowledging wins, learning from failures, codifying lessons, reprioritizing urgent issues, and finally, reframing the crisis if necessary. Leaders must eventually create a new formulation about how to create value and leverage existing or often constrained resources.



PIVOT to Leap Ahead

The goal in this step is to create resiliency and agility to pivot the company’s “machinery”—operations, process, structure, and people (talent and culture)—towards the future, no matter how different and dynamic this may look. Leaders do this when they facilitate leadership strategy for organizations and assess organizational resilience.

One MD of a logistics company in Indonesia shared two approaches to dealing with any crisis. First, maintain a defensive approach—keeping your company afloat and your employees safe—and second, maintain an offensive approach—identifying opportunities emanating from the crisis, and framing those out as strategies for new business potential. He shared the following: “Most freight forwarders are suffering, and all are looking for cost savings; we are therefore creating an integration of various freight forwarding operations, to make it seamless, and to achieve efficiency; we are even discussing collaborating with a competitor!” One ex-CFO of an investment company in Singapore shared that while her organization wanted to get digital savvy, they couldn’t do it organically. The company instead pivoted to set up an accelerator, and invited digital start-up companies. It further invested in successful start-ups. “Don’t try and do it yourself, look at hyper-collaborations,” advised the ex-CFO.

At the front lines in the Covid-19 crisis, hospitals had to innovate their way through various situations. When China closed in early February 2020, there was a massive impact on the availability of health care and medical consumables. One mid-size private hospital in Malaysia had to redesign its processes

TIPS

- ✓ Think partnerships and collaboration
- ✓ Look for new opportunities, or doing old things in new ways

to accommodate constrained medical supplies. For instance, when the hospital set up a Covid-19 swab camp, they just went through the motions, hoping that people would register and transfer payment to the hospital’s account and consume services, just as any outpatient would do. The system, however, completely collapsed as the hospital could not manage the volumes of people even on day one. They then collaborated with an IT company that came in and built an app for registration and payment within 24 hours. “The IT company never thought of healthcare as a sector for business, and we never thought of collaborating with a technology company, but I am glad we pivoted,” shared the CEO of the hospital. The company also used 3-D printing to produce mask hoops and acrylic boxes. The CEO shared another instance of pivoting, when swabs had to be transported in Styrofoam boxes, of which the hospital did not have enough. They used social media to get in touch with a retail company that immediately shipped over 200 boxes. “Without social media, this pivoting would have been impossible,” commented the CEO.

Shift Your MINDSET

“Our mindset defines us; a positive, progressive and pragmatic mindset is an asset, and if we cannot manage our asset, it will turn into a liability, which will erode our ability to think clearly,” shared one business leader from a medical devices company in Thailand. Crises often change the paradigm in which organizations and leaders operate; therefore, when leading in a crisis situation, leaders must think differently. They must shed their traditional ways of thinking and push the boundaries of innovation. Interviewees highlighted seven key mindsets leaders must cultivate and embrace.

Cultivate an owner’s mindset. Leaders, even professional CEOs, must take key decisions with an entrepreneurial mindset; all decisions must be about protecting the entity with a feeling of a substantial, personal stake in the company’s performance. “It creates a situation in which behavior is guided by values even when nobody is watching,” shared one Indian business head of a global MNC. “In a crisis, you want decision-makers playing the game, not fence-sitter consultants advising the leadership team,” he added.

Be comfortable with discomfort. Long periods of crisis impose sustained stress on leaders. As a result, many succumb to health issues if they are unable to deal with the situation. Leaders must therefore embrace the discomfort that a crisis situation presents, and not let that play havoc with their health. “You need to be comfortable with changing scenarios around, a zillion data points being thrown at you, and several fires burning at the same time,” advised one CEO of a private bank in Sri Lanka.

Over-preparation is not an oxymoron. While conventional wisdom is that a crisis means the leader needs to make decisions on the fly, interviewee CEOs suggested that there is always an element of preparation, perhaps obliquely related to the issues at hand. Interviewees suggested that over-preparing for a crisis situation always helps. “As a CEO, I always over-prepare—over-thinking about crises, over-investing in my action plans; we had 95% of our plans in place even before the lockdown started,” shared one banking leader in the Philippines.

Being vulnerable is a strength. Interviewees pointed out that vulnerability is seen as human, as honest, as authentic, and typically people connect better with a leader who is not scared to show his/her vulnerable side. “As leaders, we must not beat ourselves up too much; it is fine to second guess our decisions as situations change very quickly,” advised one founder CEO in Malaysia.

Everyone has a voice but not everyone has a vote. Decision-making in a crisis needs to be definite and quick. While leaders may want to secure a consensus or a buy-in from all stakeholders around key crisis-related decisions, it may not be possible owing to paucity of time. “My experience has been that you know you cannot make everybody happy with the decisions you make, but you need enough support; you can explain why you are making the decision, but you need to take the call,” explained one independent director of a hospital in the Philippines.

Don't go it alone. In times of crisis, leaders must not try and do everything by themselves. They must find associates or partners, not only within their leadership team, but also in their boards, their external suppliers, vendors, bankers, even customers. "Partnerships is the order of the day; when our board evaluates our CEO's performance, it is looking not only for how well and how much the CEO is doing, but also how many meaningful relationships he/she has built; this is extra critical during crisis times," shared one board director in Singapore.

'Long term' is dead. In times of crisis, it is often one day at a time. While leaders remain accountable for the long-term future of the organization, they need to ensure the short-term survival of the entity when a crisis strikes. "We have to be ready for the short term; for instance, we have to have cash in hand and we need to manage costs better for our short term survival," shared one board director in India.

- I. Cultivate an owner's mindset.
- II. Be comfortable with discomfort.

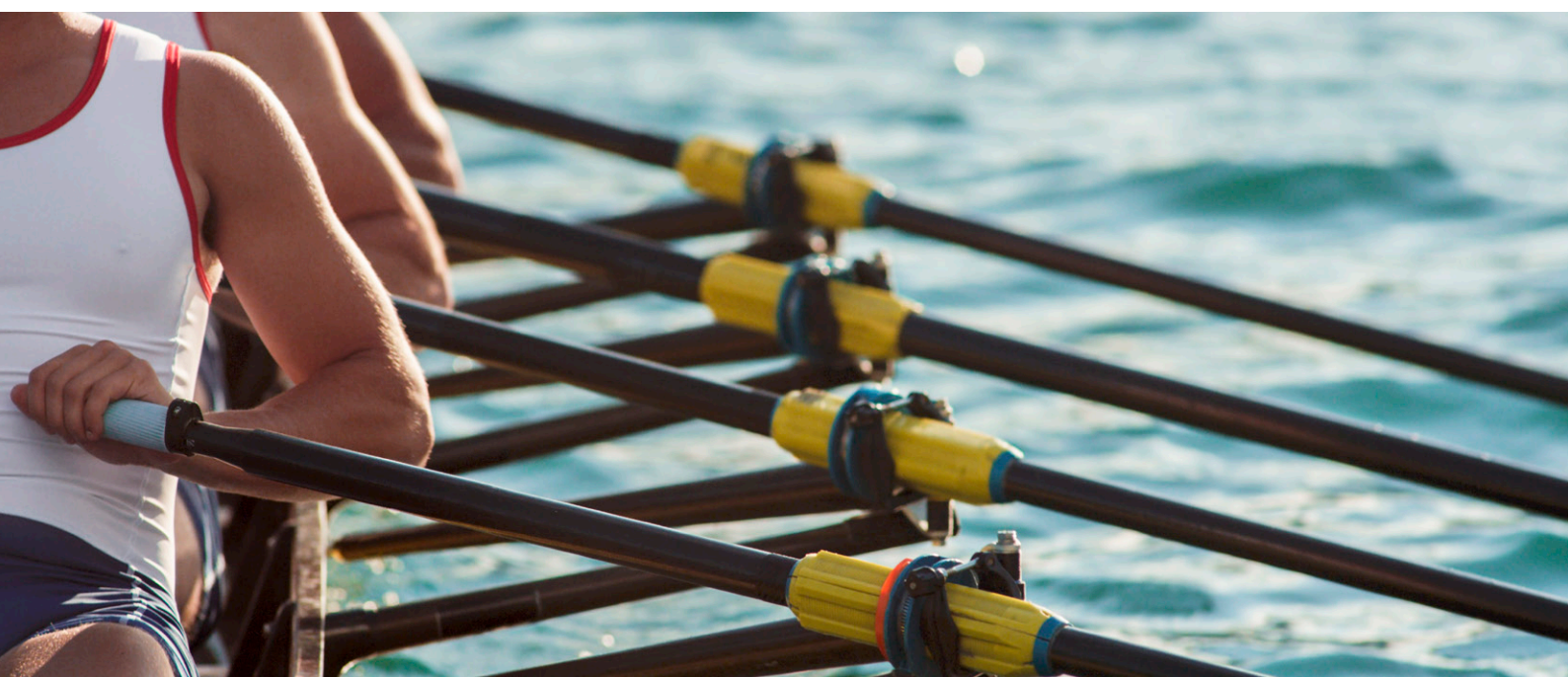


- VI. Don't go it alone.
- VII. 'Long term' is dead.

- III. Over-preparation is not an oxymoron.
- IV. Being vulnerable is a strength.
- V. Everyone has a voice but not everyone has a vote.

CRISIS LEADERSHIP MINDSET CHANGES

Source: CCL Research 2020.



Refurbish Your SKILLS

Interviewees mentioned several skills leaders must cultivate in order to deal effectively with crises. Most skills centered around leaders being self-aware, their ability to develop trusting relationships with key stakeholders, a high “adversity quotient,” and having a growth mindset.

Dealing with crises is not only about outward actions that leaders take; it’s also about the inward journey a leader embarks on. “The more you are self-aware, the more effective as a leader you are, because the focus will be more on internal values, abilities, and systemic adaptation to be able to cast the vision to fulfill the corporate mission,” shared one board director in the Philippines. “The more self-aware you are, the better the chance that you will take appropriate gut calls during crises; a self-aware leader is more aware of their impact on the surroundings, and the trail he or she leaves behind,” he added.

Trust is the centerpiece of leaders’ ability to influence in an organization, even more so during crises, when the direction, alignment, and commitment in the organization are under a lot of strain. Interviewees highlighted that the ability of a leader to generate trust, and to be able to trust others, defines his/her chances of success. Humility, empathy, authenticity, and

communication skills define the intensity of trust a leader generates, especially during crises.

“Does a leader buckle down when the chips are down under tough situations, or does she thrive on adversity; many leaders are technically very sound, have good people skills, and do well in business-as-usual scenarios, but they fall just like a pack of cards during crises,” pointed out one CEO of a professional services firm in Sri Lanka. Agility, resilience, adaptability, flexibility, decisiveness, and the ability to stay calm in a crisis is key.

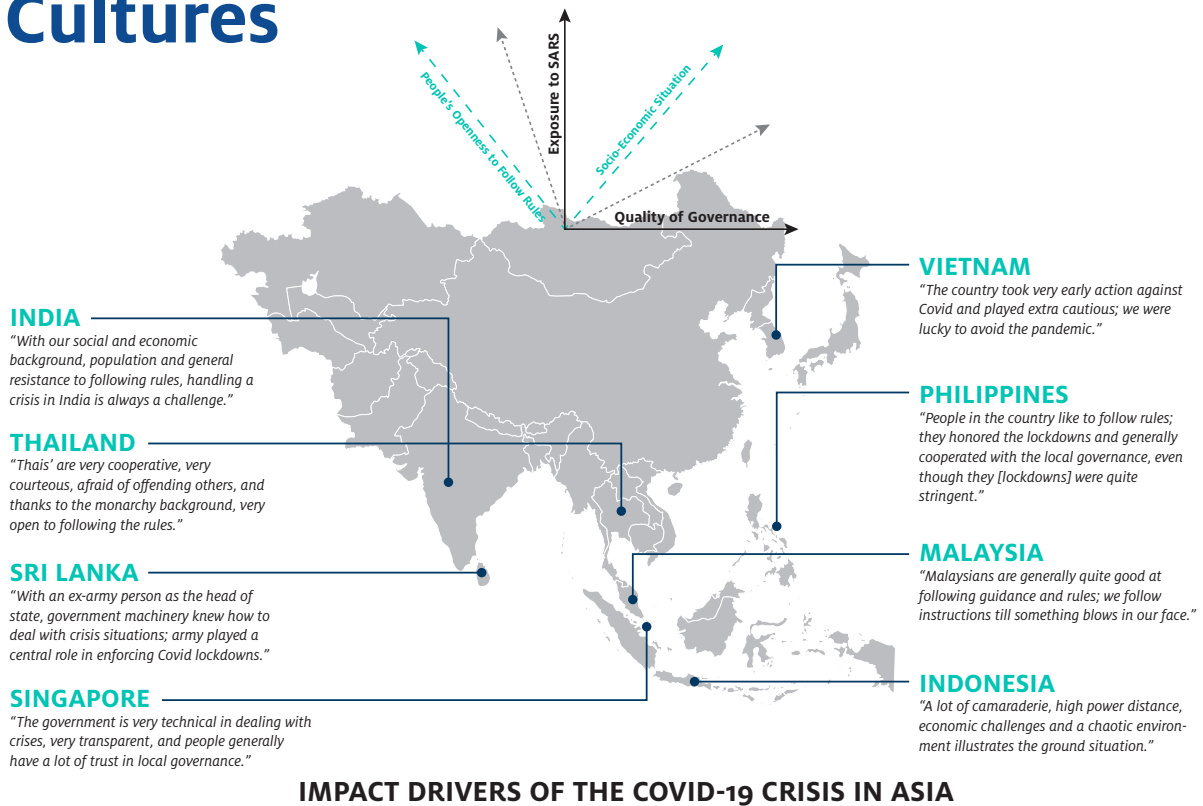
While dealing with the here and now, leaders must also display a growth mindset to continually look within, rediscover, unlearn, and relearn skills. A growth mindset enables leaders to think out-of-the-box during times of stress, have the foresight to extrapolate, “think digital” as technology hits all aspects of business, and be able to evaluate the impact of an organization’s response from multiple dimensions.



CRISIS LEADERSHIP ATTRIBUTES

Source: CCL Research 2020.

Crisis Leadership and National Cultures



What impacts effectiveness of response to crises? Interviewees suggested that various aspects come into play: the ownership structure of the company, company values, nature of the company's business, and financial strength of the company, among others. The current pandemic crisis that the world is going through is very different, with ramifications extending far beyond organizations—to societies, communities, and habitats, and even countries and regions.

Why did different countries in Asia respond so differently to the Covid-19 crisis? "It is not only the soft aspect of country culture, but the type of regulations, how forward-looking they are, how strong is the feedback loop, etc." shared one partner of a law firm in Singapore. "In Singapore, the government has been very intentional [during the Covid-19 crisis] and has listened to feedback; in Indonesia, it is a different story," he explained. "Willingness of the leadership to engage actively with the ground is also a key influencer; in Singapore, ministers did a daily briefing, and no one was left guessing," shared one leader of a member organization in Singapore. "Then there

is willingness of the population to listen to people in positions of authority; Singapore and Malaysia benefited from this," he elaborated. One board director in Malaysia shared the following: "When Malaysia ordered a strict Movement Control Order, Malaysians were well informed on health and safety protocols through all communication channels; those who were flouting the orders were reprimanded." One Thai leader, a business head at a medical devices company, shared the collective flavor of Thai people. He shared the following: "In my opinion, Thai culture helped us in the pandemic crisis because we have a collective society; a Thai family typically includes parents, children, grandfather, grandmother, and others; Thai kids are therefore more concerned about being a disease carrier." "Thai culture is based on common interest among people in the society," he added.

Interviewees also highlighted that regions such as Singapore and Hong Kong, which experienced the SARS pandemic in 2003, were better prepared to deal with the Covid-19 crisis.

Burn Bright During the Evolution Journey

Interviewees opined that while the Covid-19 crisis will hopefully start to fade out in 2021 as the world introduces a potent vaccine and compelling medical solutions, the pandemic has brought the spotlight back on leaders' role during crises. Leaders' success rate in subsequent crises will depend on how much leaders learn from the current crisis in terms of incremental organization, team, and individual capabilities.

The key lesson that leaders must take away concerns not only how to deal positively with a crisis and learn from it, but also how to embrace adversity to motivate self, draw energy from long periods of high stress, and channel that energy to fuel engagement of teams and key stakeholders. "Burn bright" rather than "burn out" is the big takeaway for leaders who are "walking through the fire" in 2020.

READY TO TAKE THE NEXT STEP?

Support your organization, your team and yourself by building a resilient organization

Learn how to Burn Bright during the evolution journey at ccl.org/TRA

Access our complimentary resources for leaders at ccl.org/coronavirus-resources

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